



National
Center for
Sustainability
Reporting



Brawijaya International Conference
on Accounting and Business
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PROCEEDING BRAWIJAYA INTERNATIONAL CONFERENCE ON ACCOUNTING AND BUSINESS

30-31 AUGUST

SUPPORTED BY:



DEPARTMENT OF ACCOUNTING FACULTY OF ECONOMICS AND BUSINESS

UNIVERSITY OF BRAWIJAYA

2013

Welcoming Notes from Rector of University of Brawijaya

**Dear Ladies and Gentlemen,
Respected students, researchers and faculty members**

Assalamu'alaikum Warahmatullahi Wabarakatuh,

It is an honour to have you as our guests in the University of Brawijaya. I would like to welcome you to this wonderful city of Malang, and to the Brawijaya International Conference on Accounting and Business.



The University of Brawijaya is one of the largest University in Indonesia. UB is one of the leading universities in Indonesia with more than 50,000 students in various degrees ranging from the Diploma Programs (One Year and Two Year Programs), Bachelor Degree Program, Master Degree Program, and Doctoral Degree Program in 12 faculties.

Our commitment is to continuously improving ourselves in various aspects of academic achievements, academic research, as well as good university governance. As one proof of our commitment, the Faculty of Economics and Business has just achieved the first ABEST 21 international accredited faculty in Indonesia.

We encourage every faculty to hold both national and international event as our concern to the development of science as well as to promote UB in national and international scopes. I am very glad that today, Faculty of Economics and Business UB has realized this commitment into a concrete action by holding an international event.

This year, the Brawijaya International Conference on Accounting and Business has taken up a very interesting theme about Corporate Social Responsibility. The theme, as well as the main objective, of the conference is dedicated to "Enhancing the contribution of accounting and business for better governance, society and environment". This aim is inspired from the fact that accounting used in business currently has become a prominent governance instrument to accelerate decision making process which may affect the sustainability of the society as well as the environment.

We thank you once again for your coming. We also apologize for any inconvenience that should arise in this conference. Finally, please enjoy the conference; enjoy our hospitality.

Wassalamu'aikum warahmatullahi wabarakatuh,

**Prof. Dr. Ir. Yogi Sugito.
Rector of University of Brawijaya**

Welcoming Notes from Dean of Economic and Business Faculty

Dear Respected BICAB Guests

Assalamu'alaikum Warahmatullahi Wabarakatuh,

On behalf of the University of Brawijaya and the entire members of the Faculty of Economics and Business, we warmly welcome you to the first Brawijaya International Conference on Accounting and Business. I also thank you for your participation in our event. This is the first international conference in the university which aims to enhance the interest of research in the field of Corporate Social Responsibility (CSR) related to accounting discipline. This broad topic may include the corporate strategy and action in developing the application of CSR both in terms of financial and non financial matters.



Business operations nowadays should not only pursue profits, but also contribute positively to the society as well as environment. This is because people currently have become more critical to the need of social control over the business. Business then has to respond this through the implementation of CSR. The development of CSR is associated with more extensive environmental damage in Indonesia and the world, ranging from deforestation, air and water pollution, to climate change. With the development above, the Act No. 40, 2007 on Limited Liability Corporation has been published. Through this regulation, CSR must be implemented by corporations in Indonesia, especially those which have large externalities to the environment and society. Specifically, in the area of accounting, this phenomenon also motivates the raise of green accounting, which discusses mostly about the role of accounting in creating more responsible corporation to maintain the sustainability of the society as well as the environment.

Through this conference, the Faculty would like to contribute to the development of CSR implementation in Indonesia from the academic point of view. We invite empirical and theoretical papers in the areas of accounting and business, especially those in relation, but not limited to, the topic of governance and corporate social responsibility to presented and discussed in BICAB. This event is also in line with the vision, mission, as well as the spirit and shared value of the Faculty, which is delivering hope, harmony, transforming lives, creating futures and sharing wisdom for current and future generation.

Finally, we greatly welcome you to this conference and may you enjoy your stay at the Faculty of Business and Economics, University of Brawijaya. Let us give our concern to a greener and prosperous generation!

Wassalamu'aikum warahmatullahi wabarakatuh

Prof. Candra Fajri Ananda, Ph.D

Dean of Faculty of Economics and Business, University of Brawijaya

Welcoming Notes from the BICAB Chairman

The Honored Guests of BICAB

Assalamu'alaikum Warahmatullahi Wabarakatuh

On behalf of the organizing committee, I would like to warmly welcome you to Brawijaya International Conference on Accounting and Business (BICAB) 2013. The theme, as well as the main objective, of the conference is dedicated to **"Enhancing the contribution of accounting and business for better governance, society and environment"**. This aim is inspired from the fact that accounting used in business currently has become a prominent governance instrument to accelerate decision making process which may affect the sustainability of the society as well as the environment. It is expected that the conference will be a beneficial and fruitful dissemination forum for accounting and business academics and practitioners who have magnificent concerns for the next generation.



I do hope that your participation in BICAB 2013 is a rewarding experience to get a chance to meet other colleagues working in the related exciting area of your research. I would also like to express my sincere gratitude to all committee members who have contributed to the success of this year's conference. Besides, it is the tremendous commitment and hard work of all authors, reviewers, moderators, and staff members to ensure the high quality of this conference, and to assist in building a good image and branding of BICAB.

Thank you once more for your coming and may you enjoy the conference!

Wassalamu'alaikum Warahmatullahi Wabarakatuh

**Dr. Aulia Fuad Rahman, Ak., SAS.
Conference Chair**

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Structure of Committee

List of Sponsorships

Schedule of BICAB 2013

Day1: August,30th,2013

TIME	DESCRIPTION OF ACTIVITIES
08.00 –08.30	Welcoming and opening ceremony by: <ul style="list-style-type: none"> -Chairman of BICAB 2013, Dr. Aulia Fuad Rahman, SE,M.Si.,Ak. SAS. - Dean of Faculty of Economics and Business, University of Brawijaya, Prof. Candra Fajri Ananda., SE., MSc., Ph.D -Rector of University of Brawijaya, Prof. Dr. Ir. Yogi Sugito
08.30 –09.00	Signing off Agreement between the Indonesian Institute of Public Accountant (IAPI) and Brawijaya University (UB)
09.00 –11.00	Keynote Speech Professor Craig Deegan (RMIT University, Australia)
11.00 –13.00	Lunch and Praying Breaks
13.00 –15.00	Panel Discussion Theme: Creating Sustainable Future <ul style="list-style-type: none"> - Financing Sustainable Future, By Felia Salim, Vice President Director PT BNI Tbk. - MDG's Post-2015 Agenda – Contribution of the Private Sector, By Y.W. Junardy, President of Indonesia Global Compact Network. - Sustainability and Reporting for a Better Future, By Ali Darwin, Chairman of National Center for Sustainability Reporting.
15.00 –15.30	Coffee Break
15.30 –17.00	Discussion with IAPI: <div style="text-align: center;"> Mr. Tarko, CPA Mr. Achsin, CPA </div>
18.30 - 22.00	-Gala Dinner -Exhibition of Corporate Social Responsibility (CSR)

Day 2: August, 31st, 2013

TIME	DESCRIPTION OF ACTIVITIES
08.00 – 08.30	Re-registration
08.30 – 10.00	Paralel Session I
10.00 – 10.30	Coffee break
10.30 – 12.00	Paralel Session II
12.00 – 13.00	Lunch and Praying Breaks
13.00 – 14.30	Paralel Session III
14.30 - 15.00	Coffee Break
15.00 – 16.30	Paralel Session IV
16.30 - 17.00	Closing Ceremony: <ul style="list-style-type: none">- Best Paper Award- Best Presentaion Award Distributions of certificates to participants

Day 3 : September, 1st, 2013

Field trip to the tourism objects in the City of Batu

SCHEDULE OF PRESENTATION

Schedule Saturday: 31 August 2013

Accounting, auditing, and CSR class

Time: 08.30-10.00

Session chair: Albert Hasudungan/Agus Burhan Adidi

Title	Author
ACCOUNTING STUDENTS PERCEPTION AND MOTIVATION ON INTEREST OF INTERNAL AUDITORS PROFESSION	Ayu Mei Lestari, Amanda Dwiluthfia Joanna, Lailla Mardianti Komara Sari
SEARCHING FOR A MORAL CHARACTER: THE GENESIS OF THE AUDITOR'S DUTY	Sasongko Budi, Bambang Subroto, rosidi, solimun
IMPLEMENTATION OF INTERNAL CONTROL SYSTEM (STUDIES IN MINISTRY AND AGENCY IN THE CENTRAL GOVERNMENT OF INDONESIA)	Arie Pratama
CRITICAL SUCCESS FACTORS ANALYSIS ON INTERNATIONAL FINANCIAL REPORTING STANDARD IMPLEMENTATION IN INDONESIA	Sinta Susilawati, Arie Pratama
DIFFERENCES IN CORPORATE FINANCIAL PERFORMANCE BEFORE AND AFTER THE IFRS CONVERGENCE	Enggar Diah Puspa Arum

Time: 10.30-12.00

Session Chair: Ali Djamhuri, Ak., PhD., CPA

Title	Author
CONTROLLING IN CHINESE COMPANIES: A FIRST PEEK BEHIND THE BAMBOO CURTAIN	Robert C. Rickards, & Jing Kong
THE 'GAP' OF ARM'S-LENGTH PRINCIPLE ON TRANSFER PRICING PRACTICE IN INDONESIA	Dewi Utari
AN ANALYSIS OF DIFFERENCE BETWEEN KNOWLEDGE AND PRACTISE OF ETHICAL STANDARD FOR ACCOUNTING PROFESSION IN PERSPECTIVES OF GENDER, LEVEL OF EDUCATION AND MAJOR	Eka Fauzihardani
LIVING IN HARMONY: FINANCIAL REPORTING OBJECTIVE OF JAVANESE TRADITIONAL MARKET TRADERS	Wiyarni, Iwan Triyuwono, Unti L, Ali Djamhuri
ECONOMICS AND ACCOUNTING CONTRIBUTIONS TO THE ENVIRONMENT AND SUSTAINABLE DEVELOPMENT: A HOLISTIC APPROACH	Joseph M. Mula

Business and Others Class**Time: 08.30-10.00****Session chair: Arie Pratama, SE, M.Ak, CPSAK, CPMA, CertIFR.**

Title	Author
COMPARING ISLAMIC AND CONVENTIONAL MAIN DETERMINANTS OF INFLATION AND GROWTH IN INDONESIAN DUAL FINANCIAL SYSTEM	Adinda Ratu Nur Illiyyin, Ascarya
THE BEHAVIOR MEANING OF THE TAX PAYERS AFTER RECEIVING ENFORCEMENT LETTER	Sigit Hermawan and Wahyu Dianto
THE IMPLICATION OF JAVANESE BUSINESS CULTURE IN ACCOUNTING PRACTICE (CASE STUDIES FROM TRADITIONAL MARKET TRADERS IN SOUTH MALANG)	Wiyarni, Iwan Triyuwono, Unti L, Ali Djamhuri
THE INFLUENCE OF INFORMATION AND COMMUNICATION TECHNOLOGY TO FRAUD IN ASEAN	Ayu Mulyaningsih, Ely Puji Setianingsih, Sartika
A CROSS-COUNTRY STUDY OF THE IMPACT OF INTERNAL ORGANISATIONAL SYSTEMS ON ENVIRONMENTAL COMMUNICATION	Faisal Faisal, Greg Tower

Time: 10.30-12.00**Session Chair: Dewi Utari**

Title	Author
SOLVING CHALLENGES OF INDONESIAN ECONOMIC MASTERPLAN (MP3EI) PROGRAM	Albert HASUDUNGAN and A. B. ADIDI
IMPLICATIONS OF MONETARY VARIABLES TO INVESTMENT AND ECONOMIC GROWTH	Sriyono
THE MODELS OF MANAGEMENT AND DEVELOPMENT OF INTELLECTUAL CAPITAL (STUDY OF INTERPRETIVE THE PERFORMANCE OF BUSINESS AND COMPETE EXCELLENCE OF PHARMACEUTICAL INDUSTRY)	Wiwit Hariyanto, Sigit Herman, Herman Ernandi, Sri Iswati, Zaenal Fanani
PROFIT SHARING FINANCING TRENDS AND INFLUENCE ON THE FINANCIAL PERFORMANCE IN SHARIA BANKING	Tofik Ariyanto
THE ROLE'S PROMOTION OF ORIENTED CONSUMER FACTOR SHAPING TO BUYING DECISION IN THE RETAIL BUSINESS	Agus Maolana Hidayat, Rahmat Hidayat, Sanipurno Wibowo

Time:13.00-14.30

Session Chair: Prof. Iwan Triyuwono

Title	Author
TEST VALIDITY MODEL AT INDONESIA STOCK EXCHANGE ACCOUNTING THEORY DECONSTRUCTION (THE EMPIRICAL STUDY DAYAK KAHARINGAN CENTRAL, AND SOUTH KALIMANTAN)	Apollo Daito
LOCAL GOVERNMENT'S REGULATION OF CORPORATE SOCIAL RESPONSIBILITY CONFLICT OF INTEREST PRIVATE COMPANY AND LOCAL GOVERNMENTS IN INDONESIA	Atik Andhayani
MARKET REACTION TO THE ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARD IN INDONESIA	Yen Sun, Evi Steelyana, Yoyo Cahyadi
INVESTIGATING THE PHENOMENON OF CREATIVE ACCOUNTING AND ITS UNDESIED PRACTICES IN SAUDI ENVIRONMENT	Ahmad S. K. Hassanain
CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE AND FIRM FINANCIAL PERFORMANCE	Yeney Widya Prihatiningtias Nadia Dayanti

Time:15.00-16.30

Session Chair: Noval Adib, Ak., PhD

Title	Author
AN EXPLORATORY STUDY OF CORPORATE SOCIAL RESPONSIBILITY (CSR) IN THE HOTEL SECTOR:EVIDENCE OF DRIVERS IN BALI, INDONESIA	Luh Putu Mahyuni
SOCIAL CRITIQUE OF CORPORATE SOCIAL RESPONSIBILITY CONCEPT AND CORPORATE ENVIRONMENT IN INDONESIAN MINING CORPORATE LAW	Purweni Widhianningrum Amelia Ika Pratiwi
THE EFFECT OF COMPANY CHARACTER AND CORPORATE GOVERNANCE TO TIMELINESS SUBMISSION OF PUBLISING THE FINANCIAL REPORTING	Dewa Ayu Sri Winanti A.A Dwi Widyani
THE EFFECT OF CORPORATE GOVERNANCE MECHANISM ON CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE: EVIDENCE IN INDONESIA	Sylvia Kurniawan & Lina
THE DETERMINANTS OF FRAUDULENT FINANCIAL REPORTING: AN EMPIRICAL STUDY IN FRENCH COMPANIES	Khamoussi Halioui, ChirazChellouf

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Time: 08.3

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Time: 13.00-14.30

Session Chair: Dr. Ari Kamayanti

Title	Author
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ORGANIZATIONAL DESIGN: FACING CHANGES IN BUSINESS ENVIRONMENT	Hana Suryana
PROPOSED PERFORMANCE IMPROVEMENT BASED ON PERCEIVED QUALITY INFLUENCE AGAINST BRAND SWITCHING INTEREST FOR UNDERGRADUATE STUDENTS (TELKOM FLEXI TRENDY CASE STUDY, BANDUNG)	Astadi Pangarso
THE RELATIONSHIP BETWEEN INDIVIDUAL AND GROUP CREATIVE BEHAVIOR	Kunio Ikari

Time: 15.00-16.30

Session Chair: Jaswadi, DBA, Ak

Title	Author
FORMAL AND INFORMAL INSTITUTIONS IN WAL-MART CAS	Jose G. Vargas-Hernandes
CREATING SHARED VALUE (CSV) RURAL DEVELOPMENT SECTOR AT PT NESTLE KEJAYAN FACTORY: AN ETHNOGRAPHICAL STUDY OF JABUNG AGRO NIAGA COOPERATIVE AND PUJON SAE COOPERATIVE AS A REFERENCE DEVELOPMENT OF CORPORATE SOCIAL RESPONSIBILITY (CSR) BASED ON SOCIAL ENTREPRENEURSHIP	Eko Ganis Sukoharsono & Nurudin Ahmad Putra
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INTERNATIONALIZATION OF SMALL MEDIUM INDUSTRIES (SMIS) IN INDONESIA, MODELING: THE ROLE DEGREE OF INTERNATIONALIZATION AS MEDIATING VARIABLE ON THE INFLUENCE OF NETWORK CAPITAL AND BUSINESS PERFORMANCE	Ginta Ginting
CONVENTIONAL AND ISLAMIC ACCOUNTING ETHICS: FROM GOING TO NO WHERE TOWARD A MORE CERTAIN DESTINATION	Ali Djamhuri

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**INTERNATIONALIZATION OF SMALL MEDIUM INDUSTRIES (SMIs)
IN INDONESIA
MODELING: THE ROLE DEGREE OF INTERNATIONALIZATION AS
MEDIATING VARIABLE ON THE INFLUENCE OF NETWORK CAPITAL
AND BUSINESS PERFORMANCE**

Ginta Ginting

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Abstract

The objective of this study is to investigate the role degree of internationalization as mediator in influencing the network capital impact on business performance in SMIs. This study also uses the size of SMIs as moderator variables that influence the degree of internationalization and business performance.

The population in this study is the owners/managers of SMIs who conduct international business (export orientation). The survey was conducted on 186 SMIs in three provinces (DKI Jakarta, Banten and West Java). Hypothesis testing used is multivariate statistics - Partial Least Square.

The study shows the degree of internationalization acts as a mediator variable for network capital on business performance. The network capital significantly influences the degree of internationalization. The study also finds that the degree of internationalization has a strong influence on business performance, meaning the higher the degree of internationalization the bigger impact it imposes on improving business performance. The size of SMI is able to moderate the influence of the degree of internationalization on business performance, whereas for the small industries the influences are greater on business performance compared to medium-sized industries.

Keywords: Network Capital, Degree of Internationalization and Business Performance, Size of SMI's

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